

HUNGARY

**BUSINESS PLAN AND
CHARTER OF THE NATIONAL
ASSOCIATION OF MUNICIPAL
FINANCE OFFICERS**

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Prepared by

The National Association of
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Hungary



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CHARTER

HUNGARY

BUSINESS PLAN OF THE NATIONAL ASSOCIATION OF MUNICIPAL FINANCE OFFICERS (1998-2000)

THE MISSION OF THE ASSOCIATION

The Objective

The National Association of Municipal Finance Officers is a non-political professional association with the following objectives:

- ! To provide a professional forum for experts engaged in the financial matters of the local governments.
- ! To make available and promote up-to-date, innovative, and proven planning and management experiences available in the area of local government management.
- ! To provide support for more efficient and effective execution of local government financing tasks.

Strategy Objectives

To achieve the set objectives, the Association:

- ! Continuously distributes information on its establishment and operations, and issues a Newsletter quarterly
- ! Organizes meetings on location with local government officers and financial employees
- ! Organizes professional meetings and conferences
- ! Establishes professional clubs
- ! Edits and issues materials and publications of the "hot line" type
- ! Monitors regulatory and legislative changes, and submits proposals for their possible modification

The key elements of the operation strategy in detail for the coming three years are as follows:

! The objective set for the year 1998: *To Start*

- To make people aware that the Association has been established and what its objective is
- To recruit members and supporters
- To prepare and make the assembly accept the documents regulating the operation of the Association

! The objective set for the year 1999: *To Stabilize and Grow*

- To undertake intensive recruitment of members and supporters
- To launch professional programs
- To consider operational experience and implement the necessary corrections

! The objective set for the year 2000: *To Develop Efficiently in the Targeted Direction*

- To operate and extend professional programs
- To recruit further members and supporters
- To implement the modifications found necessary based on the experience of the previous year

BACKGROUND: THE CURRENT POSITION OF THE PROFESSION AND THE IMPORTANCE FOR THE ESTABLISHMENT OF THE ASSOCIATION

After 1991 democratic local government elections and the legislation regulating the operation of local governments provided (compared to the earlier situation) more extensive political and financial autonomy to the local governments in Hungary. Increased freedom not only creates opportunities but also demands greater responsibility and expertise from the officers of local governments and of the members of their boards. Accession to the European Communities and approximation to the practice and regulatory regime of the European Communities pose new professional challenges to the experts of the local governments.

The local government experts engaged in the most important activities of the local governments (namely performing financial planning and management)



are committed people who need, in conformity with the above facts, new methods, information and representation to support their work, including innovative ideas and ways to increase their efficiency.

The objective of the formation of the National Association of Municipal Finance Officers is to provide support and representation to experts engaged in local government economic management, and to contribute to the continuous renewal of the profession. It has become necessary and timely to set up the National Association of Municipal Finance Officers due to the following:

- ! During recent years several new challenges have emerged in the areas of the financial planning and management of local governments, demanding that experts prepare themselves and continuously exchange opinions (the increased role of local revenues, credit financing, issuance of bonds, etc.).
- ! The conditions for obtaining central subsidy have been continuously changing, and those changes often take place without taking into account local interests or local problems.
- ! The boards of the local governments would want to pass more rational decisions for which alternatives, which are also clear to laymen, are to be submitted.
- ! In addition to efficiency surveys made earlier, mostly by external organizations, innovative local internal initiatives are also being presented to experts.

The founders of the Association consider it important and necessary to renew the contents and structure of the budgetary documents of local governments—the use of program-budgeting methods resulting in a more informative budget of the type already employed in the West. In the first three-year professional program of the Association, key roles are given to program budgeting and to the promotion of relevant economic theories and practical techniques to make them known by the Hungarian local governments.

THE OPERATION OF THE ORGANIZATION

The Method of Supplying Services

The Management and the Membership

Currently the leadership of the Association is composed of five persons. Tasks are distributed among the individual members as follows:

Chairman	József Kéri	Strategic planning
Vice Chairmen	Mrs. József Krajsóczki	Membership, marketing
	Mrs. Ferenc Kürthy	Financial and other administration
	László Lőrincz	Financial strategy
	Ibolya Végh	Legal issues, PR

The leaders of the Association perform their work free of charge.

The Headquarters of the Association is the Mayor's Office in Szolnok (Address: 5000 Szolnok.....). The Association has been using the premises of the Mayor's Office.

Administrative Staff

For the establishment and operation of the Association's administration and for the organization of the services of the Association, we plan to employ two part-time employees in 1999.

Financial, taxation issues, and other reporting obligations specified by law will be performed by the financial officer under the supervision of the deputy chairman responsible for finances and the control of administration.

The Association will have to have an updated list containing the identification data of the members as well as professional information. The administrative officer will be responsible for the preparation of the list, for keeping it updated, for maintaining continuous link with the member, and for the administrative tasks linked to editing the Newsletter.

The employees will be responsible for the organization of professional seminars, local consulting, and publications (see below).

Both employees will start working as of the 1st of January 1999, twice a week. In 1999 they will earn monthly HUF 30,000, and that will mean altogether a cost of HUF 979,200 in 1999, which will be partly covered by USAID. Further staff costs will be covered by the Association from the membership fees collected.

Recruitment of Members



Starting Conditions

In the first three-year plan of the Association, the recruitment of members is the focus. The organization would like to attract institutions and individuals who are interested in changes, development programs, and modern techniques in the financial area of local governments and who want to encourage the representative role played by the Association of determining and solving problems. In 1998 the Association succeeded in recruiting almost 30 members as planned (10 local governments and 20 individual members) and 10 supporting institutions. In its plans the Association has taken into account the fact that the position of boards and local governments in joining the Association will become clarified only during the second half of 1999—after the fall 1998 local government elections.

The articles of association of the Association (Article 4) define ordinary and supporting members and specify the rights and obligations of the members. The ordinary members of the Association—both legal entities and natural persons—are the local governments as well as organizations and persons connected to the execution of the financial tasks of the local governments. The approved articles of association do not distinguish among local governments on the basis of the size of the settlement or the number of employees. That is due to the fact that the Association expects the participation of all the local governments, and offers identical chances for all local governments.

The range of supporting members is wider than that of the ordinary members. They include supporting organizations and sponsors who identify themselves with the objectives of the Association, who like the program or activities, and consider them worth supporting. For the supporting members, the articles of association do not specify a membership fee or who are assumed to give ad hoc or continuous support (to retain their membership) to the operation of the Association as contributions (Article 9/2).

Objectives

The Association hopes to have 100 local government members between 1998 and 1999, then see it increased by 70 between 1999 and 2000. According to the objectives of the organization, the number of local government members will reach 180 by the year 2000. The number of individual members will grow over three-fold (70 by 2000).

During the first three years of its operation, the Association's goal is to attract 20 supporting members altogether. From the range of these supporters,

some organizations are expected to transfer regular contributions to the organization. The supporting members, with which the Association will agree on providing a subsidy based on supporting membership conditions, will come from these organizations. The Association expects to establish agreements on supporting membership primarily after 2000, but in 1998 started negotiating with several institutions, including banks.

Linked Operations

To achieve the planned objectives, thorough and consistent organizational and marketing work will be needed, for which the employee responsible for the membership of the controlling board will be responsible, while the registration of the members will be the responsibility of the Szolnok employee of the Association.

The efficient distribution of information on the establishment and operation will be based on the mailing of the first Newsletter to the local governments (December 1998), on articles published in professional papers (Magyar Közigazgatás), and information in other press organs (Program "Kassza" in the Hungarian Radio, 1998, Hungarian News Agency). We would like to continue utilizing these instruments to increase the number of members; we plan to establish continuous links with the press and to issue the Newsletter quarterly.

In the recruitment of members, we expect support from the financial officers who will supply information on various professional fora in the course of further training programs on the objectives and operation of the Association. The professional fora, planned to be held in 1999, will also greatly contribute to the growth of the membership and the number of supporting organizations.

To increase the size of membership, the organization will organize recruitment drives during the spring and autumn of 1999. We will link the recruitment action to two professional seminars of one day each (see "Ad Hoc Services and Publications"). Prior to the seminars, we will mail an information booklet presenting the association and its operations to the local governments to be invited to the seminar and to other institutions in the region. We will set up a table for "membership registration" at the seminars where the questions raised will be promptly answered and where we will collect the entrance forms of the organizations/individuals joining the Association. The Association plans to have some 50 local governments and 20 individuals join the organization during the two one-day seminars. We plan to repeat the recruitment drive in 2000.



The expenditures related to the recruitment operation will mean direct cost only in the case of special recruitment actions linked to the seminars. The other costs will be directly linked to other operations and will emerge there.

THE SERVICES AND OPERATIONS OF THE ASSOCIATION

Continuous Services

The Association intends to supply information on its operations with the Newsletter, which will be composed and distributed in a targeted way. The Association plans to issue the Newsletter quarterly in 50 copies, in 1999 in 200 copies, and later in 400 copies. Currently, the Newsletter is edited jointly by the board at their seat in Szolnok.

The Association regards as an important task the continuous support of local governments interested in professional matters, consulting by telephone, consultations on site, and the organization of exchanges of experiences among Association members. The Association plans to organize exchange of experience programs on site and professional consultations among local governments that are members at the frequency required, and will contribute to the costs of the local government playing host to the program. In 1999 and 2000, we calculate 10 local consultation programs of this type with contributions of HUF 3,000 per occasion and HUF 4,000 in 2000.

The Association will continuously monitor legislative and regulatory changes in relation to financial management and will provide updated information regarding them. In addition to supplying information, the Association is also prepared to develop and submit to the Government occasional proposals on professional matters affecting the Association.

Ad Hoc Services and Publications

The Association will concentrate on the organization and arrangement of professional seminars and the preparation and distribution of the publications of the Association.

Professional seminars are planned to be organized with invited lecturers on issues required by the members, as determined on the basis of preliminary surveys. The seminars will be free of charge for the members.

In 1999 the Association plans to organize two seminars of one day each, to discuss theoretical and practical issues linked to modern budget techniques. On the occasions of the seminars, we also plan to organize recruitment drives. The first seminar will take place in the eastern part of the country in May. The organization expects 30 members and 20 other participants to attend.

The second one-day seminar will take place in September 1999 in the western region of the country. The organization expects 30 members and 20 other interested participants to attend.

The Association will also organize one-day seminars in the year 2000.

Hot Line and Other Types of Publications

The Association plans to take over (and perhaps to translate and distribute, as well) professional articles and methodology publications. We plan to make public in 1999 a methodology guideline for the establishment of an accounting policy of local governments. Other publications will be prepared and published on issues demanded by the members.

THE FINANCIAL STRATEGY OF THE ASSOCIATION IN 1998-2000

In the long term the Association will collect the greater part of its revenue from the membership fee. In 2000 membership fees are expected to contribute 80 percent to total revenue. In exchange of the membership fee, the members can benefit free of charge from the services supplied by the Association.

The articles of association have set the membership fees for the year 1998 in the sum of HUF 25,000/p.a. for local governments and HUF 2,000 for individual members. The general assembly is competent to change the membership fee, and according to plans that will take place both in 1999 and in 2000, by increasing the membership fees by approximately 20-25 percent. The revenue earned from membership fees will significantly grow during the coming years: in 1998 the total membership income will amount to HUF 240,000, contributing one-third to income. In 1999 this income will grow to HUF 2.8 million and in 2000 to HUF 5.7 million, contributing over 70 percent to the planned total revenue.

According to the plans the contributions paid by supporting members will grow almost three-fold during the three years—from HUF 250,000 (calculating



on the basis of 5 supporters) to HUF 1.4 million (calculating on the basis of 20 sponsors).

The total revenue obtained from membership fees and from the contributions of various institutions is expected to reach HUF 490,000 in 1998, HUF 3.8 million in 1999, and HUF 7 million in 2000—composing 100, 92 and 86 percent of total revenues.

To obtain contributions from foundations and other facilities the Association plans to compose and submit applications. The member of the board responsible for PR has the task of continuously monitoring possibilities for applying for funds. Applications will be submitted primarily for the development of professional services, conferences, and the publication of methodology publications. We intend to apply primarily to Hungarian foundations and programs (Kútfő Program) and EU related programs (PHARE). Contributions by foundations are expected to amount to HUF 100,000 in 1999, and HUF 500,000 in 2000, thus forming a growing share of total revenue (2-10 percent).

The U.S. Agency for International Development been supporting the Association ever since it was established, and will continue to provide financial support in 1999 for the operation of the Association.

Incomes from programs, advertisements, and the sale of publications will be of lesser significance.

In conformity to the operation strategy, the Association will spend the largest amount on seminars and publications (over 65 percent of costs in 1999-2000).

The growth of administrative costs reflects the increase in the number of members and the costs related to maintaining connections with members (telephone, mailing and other costs). Telephone costs also include the costs of consulting services supplied by phone.

The direct costs of the recruitment of members cover the costs of the two recruitment drives linked to the seminars in 1999 and 2000. The costs of the publication of the Newsletter will grow in proportion to the number of copies. The Newsletter will be published in 1998 in 50 copies, in 1999 in 200, and in 2000 in 400 copies, four times a year.

For local consulting we considered the costs of contributions (1999 – HUF 3,000; 2000 – HUF 4,000) and traveling costs.

For the calculation of costs we used an inflation rate of 20 or 15 percent, respectively, which is a more conservative estimate than foreseen.

In 1998 income is expected to exceed costs by HUF 321,000, as most of the services will be launched in 1999. The surplus will be used for operations in 1999, which is expected to have a deficit of HUF 1,486,200. We would like to cover the difference of HUF 1,165,000 (1,486,200 – 321,000) with a grant from USAID. In 2000 own revenues and contributions will cover expenditures. Moreover, the plan foresees a surplus of HUF 250,000, which we will need because of the uncertainties of obtaining grants through applications.

Revenues		1998	1999		2000	
1. Membership fee						
Local governments	10 members * 20,000 / member	200,000	110 members * 25,000 / member	2,750,000	180 members * 30,000 / member	5,400,000
Individuals	20 members * 2,000 / person	40,000	50 members * 25,000 / person	125,000	70 members * 3,000 / member	210,000
Grants from legal entities	5 * 50,000	250,000	15 * 60,000	900,000	20 * 70,000	1,400,000
2. Grants on applications			1 * 100,000	100,000	5 * 100,000	500,000
3. Advertising			10 * 1,000	20,000	50 * 1,000	50,000
4. Seminar			2 * 20 persons * HUF 2,000	80,000	3 * 20 persons * HUF 2,500	150,000
5. Publications			HUF 5,000 * 10 issues	50,000	HUF 5,000 * 10 issues	50,000
Total		490,000	4,025,000		7,760,000	



Expenditures			1998		1999		2000	
The costs of foundation								
Registration levy			10,000					
Account opening fee			10,000					
Stamp			15,000					
Overhead costs								
Office supplies			4,000		5,000		10,000	
Telephone	10 months * HUF 3,000	30,000	12 months * HUF 20,000	240,000	12 months * HUF 30,000	360,000		
Post	10 months * HUF 20,000	20,000	12 months * HUF 20,000	240,000	12 months * HUF 30,000	360,000		
Copying	10 months * HUF 2,000	20,000	12 months * HUF 30,000	360,000	12 months * HUF 40,000	480,000		
Staff cost			2 persons * HUF 30,000 * 12 months * 1.36	979,200	1.15 * previous year	1,126,960		
Account management		40,000		45,000		52,000		
Others						100,000		
Advertising			4 times * 50,000	200,000	4 times * 75,000	300,000		
Badges					500 pieces * HUF 100	50,000		
Recruitment of members								
Printed forms			2 occasions * 100 copies * HUF 500	100,000	2 occasions * 100 copies HUF 600	120,000		
Post			2 occasions * 100 copies * HUF 100	20,000	2 occasions* 100 copies * HUF 115	23,000		
Newsletter								
Printing	1 issue/year * 100 copies * HUF 100	10,000	4 issues/year * 200 copies * HUF 120	96,000	4 issues/year * 400 copies * HUF 140	224,000		

Expenditures		1998	1999		2000	
Mailing	1 issue/year * 100 copies * HUF 100	10,000	4 issues/year * 200 copies * HUF 120	96,000	4 issues/year * 400 copies * HUF 140	224,000
<i>Local consultations / exchange of experiences (10 p.a.)</i>						
Contributions			10 occasions * HUF 3,000	30,000	10 occasions * HUF 4,000	40,000
Travel costs			10 occasions * HUF 2,000	20,000	10 occasions * HUF 3,000	30,000
<i>Seminars (2 p.a.)</i>						
Rent of hall			2 occasions * HUF 40,000	80,000	3 occasions * HUF 60,000	180,000
Entertainment			2 occasions * 50 persons * HUF 1,200	120,000	3 * 50 * 1,500	225,000
Honorarium of lecturers			4 lecturers * 50,000	200,000	6 lecturers * 60,000	360,000
Printed matters			2 * 200 invitations * HUF 100	40,000	2 * 200 invitations * HUF 115	46,000
			2 * 200 programs * HUF 100	40,000	2 * 200 programs * HUF 115	46,000
<i>Publications</i>						
Royalty			how many issues, how many copies?	1,700,000		1,950,000
Translation			200 pages * HUF 2,000	400,000	250 pages * HUF 2,3000	575,000
Printing				500,000		630,000
Total		169,000		5,511,200		7,511,080

CHARTER OF THE HUNGARIAN ASSOCIATION OF MUNICIPAL FINANCE OFFICERS

I.

General Provisions

§1.

In order to help municipal finance officers in Hungary acquire higher professional skills, modern budgeting techniques, create a common interest representation and increase the efficiency of their profession and attain a higher respect an *Association*, which is a legal entity, is founded which is open to all local governments and finance officers in Hungary as well as to other legal entities, non legal entity organizations and natural persons, as supporting members, to join in attaining the goals of the Association. Applicants have to:

- agree with the goals of the Association;
- commit themselves to support the Association financially or in other ways including personal cooperation; and
- be approved by the Chairperson of the Association.

All these conditions have to be present simultaneously.

The Association is an initiative free of social, community and political considerations and readily cooperates with any Hungarian or foreign organization, community or individual that works towards achieving the Association's goals.

§2.

1. Name of the Association: Hungarian Association Of Municipal Finance Officers (Magyarországi Önkormányzati Pénzügyi Tisztviselők Országos Egyesülete)
2. Acronym: HAMFO (ÖPTE)
3. Headquarters: Kossuth tér 9. Szolnok, Hungary 5000
4. Area of operations: Hungary
5. Year of foundation: 1998

II.

Goals and Responsibilities of the Association

§3.



1. By applying up-to-date budgeting techniques, address budgeting problems and current financial management issues of local governments; provide opportunity to create direct contacts to handle day-to-day problems.
2. Make use of Association members' financial management, sectoral and professional experience by:
 - Increasing the quality and efficiency of municipal financial management to be attained by:
 - a) assessing practical experiences of planning, reporting and auditing procedures and helping solve problems in the processes;
 - b) organizing a continuous exchange of opinions of finance experts;
 - c) continuously analyzing experience from the practices of institutional services;
 - d) improving the relationship between the local government and its institutions by sharing opinions;
 - e) promoting the exchange of information and experience to increase professional knowledge;
 - f) analyzing changes in a complex thorough way and disseminating good initiatives to make them standards;
 - g) providing priority consulting and cooperation possibilities to local governments and municipal institutions both in the areas of financial management and sectoral services.
 - Organizing and holding events relating to the Association's activities;
 - In accordance with the Association's goals representing the interest of the members at social, governmental and municipal fora;
 - Cooperating with Hungarian and foreign organizations and institutions pursuing similar goals.

III.

Membership

The members of the Association

§4.

Membership categories with different rights and responsibilities are:

- a) Regular members:
 - legal entity members
 - individual members
- b) supporting members

Regular members of the Association

§5.

- 1) All local governments in Hungary and organizations whose activities are related to local governments' financial management are legal entity members.
- 2) All finance officers who work for local governments and are not suspended from their positions are individual members.

Supporting members of the Association

§6.

Legal entities, organizations without legal entity as well as natural persons who are Hungarian citizens or non Hungarian citizens residing in Hungary with a residence permit can be supporting members provided they have no criminal records and are not prohibited from participating in public affairs.

Starting and ceasing membership

§7.

- 1) Joining and quitting the Association is voluntary.
- 2) Membership starts by admission to the Association.
- 3) Membership ceases by:
 - quitting the Association
 - exclusion
 - demise
 - cessation of the Association without legal successor
 - striking off due to non payment of membership fee (after three months of default following the foundation and registration of the Association, thereafter following the annual deadline for payment).



- 4) Decisions about admission of members and cessation of membership are made by the Chairperson—with the exception of provision §7.5. In case of denial of admission applicants may appeal to the Assembly.
- 5) Decisions about exclusions are made by the Assembly upon recommendation by the Board or one third of regular members. Decisions by the Assembly on exclusion can be challenged in court.
- 6) Members have to be registered.
- 7) Members pay membership fees set by the Assembly.

IV.

Rights and duties of members

Rights and duties of regular members

§8.

1) Rights

- a) May participate in the work and at the events of the Association;
- b) May participate at Assembly meetings and in making decisions;
- c) May elect and may be elected;
- d) May make proposals and may look in the Association's documents;
- e) May request information on the activities of the Association;
- f) Regular members are entitled to all benefits specified in the Organizational and Operational Regulations.

2) Duties

- a) Help achieve goals and responsibilities;
- b) Observe the Charter and other regulations and decisions of the Association;
- c) Pay membership fee on time.

Rights and duties of supporting members

§9.

1) Rights

- a) May make proposals concerning the activities of the Association;
- b) May make proposals on issues concerning the Association;
- c) May participate in the programs and at the events of the Association on preferential terms;
- d) May use the Association's premises and equipment on preferential terms;
- e) May participate at Assembly meetings with consulting rights.



2) Duties

- a) Observe the Charter and other regulations and decisions of the Association concerning supporting members;
- b) Protect the professional respect for the members of the Association;
- c) Pay pledged contribution (membership fee)

V.

The organization of the Association

The bodies of the Association

§10.

- 1) Assembly
- 2) Board
- 3) Chairperson
- 4) Supervisory Committee
- 5) Committees
- 6) Secretariat

VI.

The Assembly of the Association

Convening the Assembly

§11.

- 1) The supreme body of the Association is the Assembly comprising all regular members. The Assembly shall be convened annually. The Assembly is convened by the Board on a one month notice specifying the date and agenda of the meeting.
- 2) If the number of regular members exceeds 200, a representative Assembly shall be convened. The number of representatives is set by the Board. Rules concerning the representative Assembly meeting are identical with those concerning participatory Assembly meetings.

- 3) Supporting members may participate at Assembly meetings with the right of recommendation and giving opinions.

Quorum

§12.

- 1) A quorum is present if over half of members with the right to vote are present.
- 2) In case a quorum at the Assembly meeting is not present, a quorum is present, regardless of the number of members present, at a second meeting with the same agenda as the original to be held one hour later than the time specified in the notice.

Agenda of the Assembly

§13.

Mandatory agenda items of regular Assembly meetings:

1. Report by the acting body (Board, Chairperson);
2. Determining the annual budget;
3. Report by the Supervisory Committee.

Scope of authority of the Assembly

§14.

- 1) Approve and modify the Charter;
- 2) Decide to merge with other organization or dissolve the Association;
- 3) Determine the annual budget;
- 4) Evaluate and approve the Board's report;
- 5) Elect the Chairperson and Board members;
- 6) Make decisions about exclusion;
- 7) Elect the Chairperson and members of the Supervisory Committee;
- 8) Set membership fees.

Decision making by the Assembly

§15.

- 1) Generally decisions are made by open vote with a simple majority. In case of tied votes the Chairperson's vote is decisive.



- 2) Voting is secret if demanded by one third of those present with the right to vote.
- 3) Minutes shall be recorded at the Assembly meeting, and shall be signed by the Chairperson and the Recorder. The minutes shall be countersigned by two regular members appointed at the beginning of the meeting.

Election of officials

§16.

- 1) The Assembly elects officials for the first time for three years, subsequently for 5 years.
- 2) Elections are held by office, first electing the Chairperson of the Assembly then Board members, Chairperson of the Supervisory Committee and its members.
- 3) Officials are elected with the majority vote of those present with right to vote. In case there are several candidates and none wins in the first round, a second round of election has to be held where the candidate with the fewest votes in the first round does not run. Rounds have to be repeated until one candidate receives the necessary number of votes.

Extraordinary meeting of the Assembly

§ 17.

- 1) An extraordinary meeting shall be convened upon:
 - a) majority decision by the Board;
 - b) request by one third of regular members with specified reasons and purpose;
 - c) Court decree.
- 2) Rules governing regular meetings pertain to extraordinary meetings.

VII.

Board of the Association

Responsibilities and scope of authority of the Board

§18.

- 1) The activities of the Association are directed by the Board between Assembly meetings. The Board is authorized to make decisions on all issues concerning the operation of the Association except for those in the exclusive competence of the Assembly.



2) Responsibilities of the Board:

- a) Convene the Assembly;
- b) Ensure operation complying with laws and the Charter;
- c) Prepare the Organizational and Operations Regulation of the Association as well as financial management regulations;
- d) Develop a medium term development program;
- e) Develop the annual budget and budget report;
- f) At its discretion, set up committees necessary for operations based on recommendations by membership and determine the number of committee members;
- g) Appoint and release committee chairpersons except for the Chairperson of the Supervisory Committee;
- h) Determine the Association logo and its colors and seal;
- i) Make recommendation on membership fees to the Assembly;
- j) Make recommendation on exclusions to the Assembly;
- k) Meet responsibilities as commissioned by the Assembly.

Members of the Board

§19.

- 1) The number of Board members is set by the Assembly;
- 2) Board members:
 - a) Chairperson;
 - b) Three members.
- 3) Rights and duties of Board members:
 - a) Participate at Board meetings and in making decisions;
 - b) Make recommendations concerning the operation of the Association;
 - c) Propose convening extraordinary Assembly meetings and Board meetings;
 - d) Represent the Association if commissioned;
 - e) Issue orders of payment if commissioned
- 4) Board members can be reelected to their positions
- 5) Board membership ceases with:
 - a) End of term;
 - b) Resignation;
 - c) Release;
 - d) Recall;





- e) Demise;
- f) Exclusion from the Association.

Functions of the Board

§20.

- 1) The Board determines its own work plan and agenda;
- 2) Board meetings are not public. Only Board members and invitees may participate;
- 3) The Chairperson of the Supervisory Committee, with consulting rights, shall be invited to Board meetings;
- 4) Minutes shall be taken at Board meetings;
- 5) Board meetings are convened by the Chairperson;
- 6) The Board forms a quorum with over half of the members present;
- 7) The Board decides by open vote; in case of tied votes the vote of the Chairperson is decisive;
- 8) Board meetings are closed upon the request of one third of Board members.

VIII.

The Chairperson of the Association

§21.

- 1) The Chairperson is the supreme official of the Association. In cooperation with the Board, he/she leads and governs the Association.
- 2) Represents the Association;
- 3) Together with the commissioned Board members has the right to sign and issue orders of payment.
- 4) Responsibilities of the Chairperson:
 - a) Convene and moderate Assembly and Board meetings;
 - b) Control the implementation of decisions;
 - c) Recommend committee members and chairpersons;
 - d) Coordinate the Association's activities, guide administrative tasks;
 - e) Prepare Board meetings;
 - f) Make sure minutes are taken at meetings and decisions are recorded;
 - g) Ensure records are kept;

- h) Review membership applications and decide on issues of membership cessation (except as provided in §7.5);
- i) A commissioned Board member substitutes for the Chairperson in his/her absence.

IX.

Financial management and assets of the Association

§23.

- 1) The Association manages its finances according to the annual budget.
- 2) Revenues of the Association:
 - a) Membership fees in 1998 for legal entities HUF 20.000; for individuals HUF 2.000;
 - b) Contributions from individuals and legal entities;
 - c) Contributions from foundations and the bank which keeps the Association's account;
 - d) Revenues from events;
 - e) Revenues from advertisements;
 - f) Fees from training courses organized by the Association;
 - g) Service fees;
 - h) Revenues from sales of publications.
- 3) The Association may do economic business activities only as a secondary activity to help achieve its goals.
- 4) The Association manages its finances autonomously and is responsible to the extent of its assets. Association members are not responsible with their own assets—other than membership fees—for the debts of the Association.
- 5) In case the Associate ceases to exist, the Assembly will decide about the use of its assets. If the Assembly does not make a decision, assets will be transferred to state ownership—after the payment of potential debts.
- 6) The appointed Board member together with the representative (Chairperson) have the right to sign orders concerning the Association's bank account.

The Supervisory Committee

§24.



- 1) The Supervisory Committee is made up of three members.
- 2) Responsibilities of the Supervisory Committee:
 - a) Supervise the Association's financial management;
 - b) Supervise compliance with provisions;
 - c) Check payment of membership fees.
- 3) Take records of inspections and supervisions and inform the Board and the Assembly.
- 4) Members of the Board cannot be Supervisory Committee members.

Other committees

§25.

- 1) The Board may set up committees made up of not fewer than three members to help it in its work.
- 2) Committees report to the Assembly or to the Board.

X.

Cessation of the Association

§26.

- 1) The Association ceases to exist if:
 - a) The Assembly dissolves it by a two thirds vote;
 - b) The Assembly decides to merge it with an other association by a two thirds vote;
 - c) It is dissolved by court resolution or its cessation is established by a court.
- 2) In case the Association ceases to exist, its liquidation will be carried out by the Association's former acting body unless the Assembly decides otherwise.

Made in Budapest, 11th March 1998.

Clause:

This Charter is approved by the 2/1998 (March 11) resolution of the Assembly of the Hungarian Association of Municipal Finance Officers at its meeting 11th March 1998.

József Kéri
Chairman